

**NEW FRONTIERS FOR FAMILIES
(NONPROFIT ORGANIZATION)**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
New Frontiers For Families

We have audited the accompanying statement of financial position of New Frontiers for Families (a nonprofit organization) as of September 30, 2005, and the related statements of activities; functional expenses; and cash flows for the year then ended. These financial statements are the responsibility of New Frontiers For Families management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Frontiers For Families as of September 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 9, 2006, on our consideration of New Frontiers For Families internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

HAFEN, BUCKNER, EVERETT & GRAFF, PC
May 10, 2006

NEW FRONTIERS FOR FAMILIES

Statement Of Financial Position

Septmeber 30, 2005

ASSETS

Current Assets:

Cash	\$	62,962
Accounts Receivable (Note 4)		7,906
Other Assets		6,006
Total Current Assets		<u>76,874</u>

Fixed Assets:

Office Equipment & Furniture		5,044
Less: Accumulated Depreciation		<u>(3,802)</u>
Total Fixed Assets		<u>1,242</u>

TOTAL ASSETS

\$ 78,116

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable	\$	10,457
Accrued Liabilities		<u>4,817</u>
Total Current Liabilities		<u>15,274</u>

Net Assets:

Unrestricted Net Assets:

Operations:		
Undesignated		61,600
Fixed Assets		<u>1,242</u>
Total Unrestricted Net Assets		<u>62,842</u>

TOTAL LIABILITIES & NET ASSETS

\$ 78,116

NEW FRONTIERS FOR FAMILIES

Statement Of Activities
For The Year Ended Septemeber 30, 2005

	<u>Unrestricted</u>		
	<u>Operations</u>	<u>Fixed Assets</u>	<u>Total</u>
PUBLIC SUPPORT & REVENUE:			
Public Support:			
Contributions	\$ 10,011	\$ -	\$ 10,011
Red Rock Pow Wow Fundraiser	16,760	-	16,760
Grants:			
From government agencies	410,686	-	410,686
Total Public Support	437,457	-	437,457
Revenue:			
Interest income	-	-	-
Total revenue	-	-	-
Total Public Support & Revenues	437,457	-	437,457
FUNCTIONAL EXPENSES:			
Program Services	299,922	807	300,729
Administration	76,466	203	76,669
Total Functional Expenses	376,388	1,010	377,398
Change in net assets	61,069	(1,010)	60,059
Property & Equipment Acquisitions & Transfers			
From Current Funds	-	-	-
Net assets, beginning of year	(30,084)	2,252	(27,832)
Prior Period Adjustment	30,615	-	30,615
NET ASSETS, END OF YEAR	<u>\$ 61,600</u>	<u>\$ 1,242</u>	<u>\$ 62,842</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NEW FRONTIERS FOR FAMILIES

Statement Of Functional Expenses
For The Year Ended September 30, 2005

	<u>Total Program Services</u>	<u>Administrative</u>	<u>Total Expenses</u>
Payroll:			
Salaries	\$ 190,083	\$ 34,644	\$ 224,727
Other:			
Client Costs	7,467		7,467
Communications	5,465	1,366	6,831
Confrences & Training	18,783	7,233	26,016
Contract and Professional	7,126	7,126	14,252
Insurance		6,255	6,255
Occupancy		5,100	5,100
Postage and Shipping	629	630	1,259
Printing	1,288	1,288	2,576
Repairs & Maintenance	1,806	451	2,257
Supplies	6,827	1,706	8,533
Travel	60,448	10,667	71,115
 Total Expenses Before Depreciation	<u>299,922</u>	<u>76,466</u>	<u>376,388</u>
Depreciation	<u>807</u>	<u>203</u>	<u>1,010</u>
 Total Expenses	<u><u>\$ 300,729</u></u>	<u><u>\$ 76,669</u></u>	<u><u>\$ 377,398</u></u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

NEW FRONTIERS FOR FAMILIES

Statement Of Cash Flows For The Year Ended September 30, 2005

Operating Activities:

Cash Donations Received from Public	\$ 10,011
Cash Grants Received	435,610
Red Rock Pow Wow	16,760

Cash Paid to Providers and Employees	<u>(382,239)</u>
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Net Cash Provided from Operations	80,142
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Investing Activities:

Purchase of Property, Plant and Equipment	<u>-</u>
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Increase/(Decrease) in Cash	80,142
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Cash at Beginning of Period	<u>(17,180)</u>
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Cash at End of Period	<u><u>\$ 62,962</u></u>
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The Accompanying Notes Are An Integral
Part Of The Financial Statements

NEW FRONTIERS FOR FAMILIES

Statement of Cash Flows (Continued)
For The Year Ended September 30, 2005

RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 60,051
Adjustments to Reconcile Net Change in Net Assets to Net Cash Provided by Operating Activities:	
Non-Cash Donations	-
Loss Disposal of Fixed Assets	-
Depreciation	1,009
Other Non-Cash Expenses	-
Changes in Operating Assets and Liabilities	
Prior Period Adjustmnet	(5,551)
Decrease in Accounts Receivable	24,924
Increase in Other Assets	-
Increase in Prepaid Expenses	(2,662)
Increase in Accounts Payable	10,457
Decrease in Accrued Liabilities	<u>(8,086)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 80,142</u></u>

NEW FRONTIERS FOR FAMILIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

New Frontiers for Families (the Company) provides family support activities to assist children and youth with serious emotional disturbances. The Company provides resources and training to families, children, and youth. The Company operates as a non profit corporation in the State of Utah with an office in Tropic, Utah. The Company was formed on March 1, 2003 as a non profit corporation.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Internal Revenue Service has determined that the Company is a non profit corporation under the IRS code section 501(c) (3). Therefore, the Company is exempt from income taxes.

Cash and Cash Equivalents

For the purposes of these financial statements, the Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are carried at cost and are depreciated using the straight-line method over the estimated useful lives as follows:

Equipment 5 years

**NEW FRONTIERS FOR FAMILIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense for the period was \$1,010 Depreciation expense was charged to management and general expenses on the statement of activities.

Gifts, grants and public support

The Company reports gifts of cash and other assets as either temporarily restricted or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets beyond the nature of the Company, the operating environment, or the purposes specified in the articles of incorporation or bylaws. When a donor restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. During the year there were no donor imposed restrictions that were beyond the nature of the Company, the operating environment, or the purposes specified in the articles of incorporation or bylaws. Therefore, all revenues have been reported as unrestricted revenues for the year.

NOTE 2 - CASH

The Company maintains its cash balances with two different banks State Bank of Southern Utah and Zions Bank. The Company had a total bank balance as of September 30, 2005 of \$74,260 of which \$74,260 is insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 3 - PROGRAM SERVICES

The Company provides the following program services for the relief of the underprivileged and distressed; combating community deterioration and juvenile delinquency through education and wraparound facilitation.

Statement of program service accomplishments:

(a) New Frontiers uses Wraparound facilitation to prevent removal from the home, community or school. This furthers our purpose by promoting community involvement, empowering families and supporting students. The Company estimates that 20% of program service expenses are allocated to this activity.

(b) New Frontiers provides Family training to educate families on how to reduce delinquency and build communities. Trainings include: The Family Academy; Love,

NEW FRONTIERS FOR FAMILIES
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

Limits and Latitude; Common Sense Parenting; Family and Personal Budgeting; Peer Parenting; Coaching and Modeling; Parent Support Groups; Transition Services; Outreach and Orientation. The Company estimates that 15% of program service expenses are allocated to this activity.

(c) New Frontiers seeks to support families in rural communities in which a significant portion (77%) of the population is at or below poverty level. At the request of the family, agency or team, we provide Transportation and Linking and Coordination services to both formal agency supports and informal community supports. The Company estimates that 30% of program service expenses are allocated to this activity.

(d) New Frontiers seeks to eliminate discrimination of children and adults who suffer from mental health disorders or whom suffer from disabilities, physical, emotional, mental, or other. We do this by providing accurate and research based information to the families and community; and by providing educational conferences to include families and agency partners. The Company estimates that 15% of program service expenses are allocated to this activity.

(e) New Frontiers defends the right of individuals and responsibility of agency partners to the individuals who may or may not be able to defend themselves. We provide direct advocacy upon request by the individual, team or agency partner. We also support through direct advocacy with the Individuals with Disabilities Act and the Americans With Disabilities Act for families and youth. The Company estimates that 15% of program service expenses are allocated to this activity.

(f) New Frontiers seeks to build community supports and lessen tension in neighborhoods through mediation and negotiation. We utilize teaming strategies to support neighborhoods in resolving conflict that may be created by involvement with families and youth who suffer from physical, emotional or mental disabilities. The Company estimates that 5% of program service expenses are allocated to this activity.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
New Frontiers For Families

We have audited the financial statements of New Frontiers For Families (a Nonprofit organization) as of and for the year ended September 30, 2005, and have issued our report thereon dated May 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether New Frontiers For Families' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Frontiers For Families' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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This report is intended solely for the information and use of the board of directors, management, and the state of Utah and is not intended to be and should not be used by anyone other than these specified parties.

Hafen, Buckner, Everett & Graff PC

HAFEN, BUCKNER, EVERETT & GRAFF, PC
May 10, 2005

Board of Directors
New Frontiers For Families
Tropic, Utah

HAFEN
BUCKNER
EVERETT
& GRAFF, PC
CERTIFIED PUBLIC
ACCOUNTANTS

In planning and performing our audit of the financial statements of New Frontiers For Families for the year ended September 30, 2005, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. (We previously reported on New Frontiers For Families' internal control in our report dated May 10, 2005.) This letter does not affect our report dated May 10, 2005, on the financial statements of New Frontiers For Families.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with New Frontiers For Families' management, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

EXPENDITURES

Finding.

1. Employee pay rates and time cards were lacking proper documentation of authorization.
2. Supporting documentation was not retained for all expenditures made.

Recommendation. We recommend that supporting documentation be retained for all expenditures made and that such documentation be attached to the voucher copy of the check. We also recommend that documentation be retained verifying approval of employee's pay rates and time cards.

We wish to thank New Frontiers For Families' personnel for their support and assistance during the course of our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss these matters with you further at your convenience.

Yours truly,

Hafen, Buckner, Everett & Graff PC

HAFEN, BUCKNER, EVERETT & GRAFF, PC
May 10, 2005

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